



Health Services
LOS ANGELES COUNTY

December 5, 2006

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 4 WITH
CALIFORNIA REIMBURSEMENT ENTERPRISES, INC.
FOR SECONDARY REVENUE IDENTIFICATION,
DEVELOPMENT, AND RECOVERY SERVICES
(All Districts) (3 Votes)**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director, or his designee, to sign Amendment No. 4 to the Secondary Revenue Identification, Development and Recovery Services Agreement with California Reimbursement Enterprises, Inc. (County Contract No. H-207263), to extend the term for an additional three months, effective January 1, 2007 through March 31, 2007, with provisions for automatic renewals on a month-to-month basis through June 30, 2007.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

*To improve health
through leadership,
service and education.*

Approval of the recommended action allows the Department of Health Services (DHS or Department) to extend the term for an additional three months with month-to-month automatic renewals through June 30, 2007. The extension will allow the Department to continue to receive revenue generated and also additional time to complete a Request for Proposals (RFP) process. Failure to secure the recommended amendment could result in losses of forecasted revenue negatively impacting DHS' budget.

FISCAL IMPACT/FINANCING:

Fiscal Year (FY) 2005-06 CRE collections totaled \$14.8 million; fees paid to CRE totaled \$3.8 million, and it is estimated that collections and fees for FY 2006-07 will be comparable to FY 2006-07. Funding to pay the contingency fees is included in the Fiscal Year 2006-07 Final Budget.



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FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 15, 1999, the Board approved a sole-source agreement with California Reimbursement Enterprises, Inc. (CRE), through June 30, 2000, for the provision of Secondary Revenue Identification, Development and Recovery Services, with provisions for two one-year automatic renewals through June 30, 2002.

On February 12, 2002, the Board approved Amendment No. 1 to add provisions to exclude Medi-Cal cost report settlements from being a basis on which CRE is paid and to reduce outpatient Medi-Cal contingency fees payable to CRE as a result of implementation of the 1115 Waiver Cost Based Reimbursement Clinics (CBRC).

On December 3, 2002, the Board approved Amendment No. 2 to extend the term for an additional six months, with provision for automatic renewal for a maximum of three additional fiscal years, from July 1, 2003 through June 30, 2006. It also delegated authority to the Director to extend the term of the Agreement on a month-to-month basis, for a period not to exceed six months through December 31, 2006.

On March 18, 2003, the Agreement was amended (Amendment No. 3) to add The Health Insurance Portability and Accountability Act of 1996 (HIPAA) Business Associates provision.

Amendment No. 4 will allow the Department sufficient time to complete the RFP process.

Exhibit I has been approved as to form by County Counsel.

CONTRACTING PROCESS:

This amendment is for an extension of a sole source Agreement. The Department is requesting approval to extend the Agreement to complete a Request For Proposals competitive solicitation process, anticipated for release in early 2007.

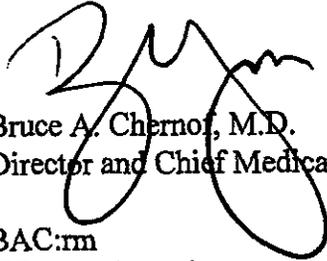
IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommendation ensures that the financial recovery services currently provided by CRE will continue uninterrupted through June 30, 2007.

The Honorable Board of Supervisors
December 5, 2006
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

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Attachments

c: Auditor-Controller
Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

Secondary Revenue Identification, Development, and Recovery Services (SRIDRS) for the Department of Health Services hospitals, health centers, and comprehensive health centers.

2. AGENCY ADDRESS AND CONTACT PERSONS :

California Reimbursement Enterprises, Inc.
1126 Fontana Drive
Alameda, California 94502
Attention: Eugene D. Lourey, President
Telephone: (510) 337-1371

3. TERM:

Effective January 1, 2007 through March 31, 2007, with provisions for automatic renewals on a month-to-month basis expiring on June 30, 2007.

4. FINANCIAL INFORMATION:

Fiscal Year (FY) 2005-06 CRE collections totaled \$14.8 million; fees paid to CRE totaled \$3.8 million, and it is estimated that collections and fees for FY 2006-07 will be comparable to FY 2006-07. Funding to pay the contingency fees is included in the Fiscal Year 2006-07 Final Budget.

5. GEOGRAPHIC AREAS SERVED:

Countywide.

6. ACCOUNTABLE FOR MONITORING:

Patricia Adams, Division Head, Revenue Management, Department of Health Services

7. APPROVALS:

Director of Finance: Gary W. Wells

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to form): Robert E. Ragland, Senior County Counsel

FACT SHEET

RE: APPROVAL OF AMENDMENT NO. 4 WITH CALIFORNIA REIMBURSEMENT ENTERPRISES, INC. FOR SECONDARY REVENUE IDENTIFICATION, DEVELOPMENT, AND RECOVERY SERVICES

All Districts.

CONTACT PERSONS:

Lawrence Gatton, Chief
Revenue Services
Telephone: (213) 240-8366
e-mail: lgatton@ladhs.org

SUBJECT:

Secondary Revenue Identification, Development and Recovery Services (SRIDRS).

REQUESTED ACTION:

Approve and instruct the Director, or his designee, to sign Amendment No. 4 to the SRIDRS Agreement with CRE County (Contract No. H-207263), to extend the term for an additional three months, effective January 1, 2007 through March 31, 2007, with provisions for automatic renewals on a month-to-month basis through June 30, 2007, to complete a solicitation process.

PROGRAM:

The SRIDRS provides a back-up or "safety-net" function after the County's own collection efforts and the subsequent efforts of its primary contractors have been exhausted.

CONTRACT AMOUNT:

Fiscal Year (FY) 2005-06 CRE collections totaled \$14.8 million; fees paid to CRE totaled \$3.8 million, and it is estimated that collections and fees for FY 2006-07 will be comparable to FY 2006-07. Funding to pay the contingency fees is included in the Fiscal Year 2006-07 Final Budget.

TERMINATION PROVISIONS:

The agreement may be terminated immediately for breach or for convenience with a 30-day advance written notice by either party.

FACT SHEET (Cont'd)

TERM OF AGREEMENT:

Effective January 1, 2007 through March 31, 2007, with provisions for automatic renewals on a month-to-month basis through June 30, 2007.

AUTOMATIC RENEWAL:

Yes, on a month to month basis agreement terminating on June 30, 2007.

FIRST BOARD APPROVED AGREEMENT:

June 15, 1999.

EXPIRATION OF PROJECT PERIOD:

March 31, 2007, with provisions for automatic renewals on a month-to-month basis through June 30, 2007.

RETROACTIVE AGREEMENT:

Not applicable

REQUEST FOR PROPOSALS (RFP) PROCESS:

Not applicable.

SOLE SOURCE JUSTIFICATION:

Not applicable.

LOS ANGELES COUNTY ONLINE WEB SITE:

Not applicable.

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